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FINANCIAL MANAGEMENT EDUCATION IN OHIO:  
OUR EXPERIENCE WITH THE COORDINATED  
FINANCIAL STATEMENTS FOR AGRICULTURE

BY

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THANK YOU CHARLES. I AM GRATEFUL FOR THIS OPPORTUNITY TO RETURN TO KEMPTVILLE AND TO SHARE OUR OHIO EXPERIENCE WITH THE COORDINATED FINANCIAL STATEMENTS FOR AGRICULTURE. I'LL DO THIS BY FIRST REMINDING US OF OUR RESPONSIBILITY AND OPPORTUNITY. SECONDLY, I WILL REVIEW THE PROCESS WE EXPERIENCED IN DEVELOPING OUR EDUCATIONAL PROGRAM AND THIRD, I WILL PROVIDE YOU WITH MY ASSESSMENT OF THESE STATEMENTS AND THEN I WILL SUMMARIZE MY THOUGHTS.

HOWEVER, BEFORE WE BEGIN THAT SHARING EXPERIENCE, I MUST TELL YOU THAT I AM REPEATEDLY IMPRESSED WITH YOUR PROVINCE, YOUR COUNTRY, AND YOUR PEOPLE. SOME OF MY FAMILY'S FONDEST VACATION MEMORIES ARE OF THE TIMES WE SPENT CAMPING ACROSS THE BREADTH OF YOUR LAND; FROM YOUR BEAUTIFUL LAKE LOUISE THROUGH THE GREAT PLAINS PROVINCES, TO OUR FAVORITE FISHING HOLE NEAR KENORA IN WESTERN ONTARIO. OUR MEMORIES ABOUND WITH THE RICHNESS OF LIFE IN TOBERMOREY, THE GOLDEN TRIANGLE, TORONTO, THE ALGONQUIN PROVINCIAL PARK, OTTAWA, UPPER CANADA VILLAGE, AND CORNWALL. OUR MOST RECENT EXCURSION TOOK US TO MONTREAL, QUEBEC CITY, AND YOUR MARITIME PROVINCES. AFTER A SHORT STAY AT THE AGRICULTURAL COLLEGE IN TRURO, WE WERE PRIVILEGED TO VISIT AND MEET DELIGHTFUL PEOPLE ON PRINCE EDWARD ISLAND AND AT LOUISBURG. ALL I CAN SAY

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IS--"GOD BLESS CANADA" AND OFTEN WONDER IF I MADE A MISTAKE BY NOT ACCEPTING THE JOB THAT WAS OFFERED ME BY AGRICULTURE CANADA IN OTTAWA.

MY OBJECTIVE FOR THE NEXT HOUR OR SO IS TO SHARE WITH YOU, AND TO ANSWER QUESTIONS YOU MAY HAVE ABOUT OUR USE OF THE COORDINATED FINANCIAL STATEMENTS FOR AGRICULTURE. KEEP IN MIND WHERE I AM COMING FROM AND WHAT MY BIASES ARE. REMEMBER I AM NOT A COUNTY AGENT; YOUR COUNTERPART IN THE U.S. I AM A COLLEGE PROFESSOR WHOSE PRIMARY RESPONSIBILITY IS TO CONDUCT AN EXTENSION EDUCATION PROGRAM IN FARM FINANCIAL MANAGEMENT. I DO THIS BY TEACHING FARMERS DIRECTLY AND ENABLING OUR COUNTY AND DISTRICT AGENTS TO UNDERSTAND AND TEACH THE PRINCIPLES OF SOUND FINANCIAL DECISION-MAKING. I AM WELL AWARE OF THE "IVORY-TOWER SYNDROME" THAT WE PROFESSORS ARE ACCUSED OF CONTRACTING AS WE LEAVE THE "REAL WORLD" OF EXTENSION AND RETREAT TO OUR "THINK-TANKS" ON CAMPUS. I EXPECT THE VIEW IS NOT MUCH DIFFERENT HERE IN ONTARIO. THERE IS SOME JUSTIFICATION FOR SUCH AN ATTITUDE. THE REFERENCE TO THE ABSENT MINDED PROFESSOR WHO DOESN'T KNOW "SIC-EM" OR WHO CAN'T TELL UP FROM DOWN IS NOT TOTALLY UNWARRANTED.

(TELL UP FROM DOWN STORY)

AND YOU KNOW HOW WE TEACHERS OF THE SCIENTIFIC PROCESS ARE ALWAYS WANTING ALTERNATIVES, SO THAT WE CAN MAKE INTELLIGENT CHOICES. I WAS REMINDED OF THIS LAST SUMMER AS I VISITED SOME FRIENDS WHO HAD RECENTLY GONE INTO THE WINE-MAKING BUSINESS.

(TELL HEINE STORY)

LET'S GET ON WITH THE SUBJECT OF INTEREST AND HOPE THAT I CAN COMMUNICATE WITH YOU AS WELL AS THE YOUNG LADY IN THIS NEXT ILLUSTRATION.

(TELL TA-HELL-YA-SAY STORY)

YOUR JOB AS EDUCATORS IS TO COMMUNICATE MANAGEMENT INFORMATION AND DECISION-MAKING TO YOUR FARMER CLIENTELLE THAT WILL IMPROVE THE ECONOMIC AND SOCIAL PERFORMANCE OF THEIR BUSINESSES AND FAMILIES. THIS MUST BE DONE IN A MANNER THAT IS EASILY UNDERSTOOD AND IN A FASHION THAT RESULTS IN CHANGED ATTITUDES, UNDERSTANDING, AND PERFORMANCE ON THE PART OF FARMERS. YOURS IS NOT AN EASY TASK. EACH OF YOU HAS EXPERIENCED THE PROVERBIAL "PUSHING ON A STRING" AND "LEADING THE HORSE TO WATER" ONLY TO HAVE THE STRING GO LIMP AND/OR HAVE THE HORSE DIE FROM DEHYDRATION. THIS IS PARTICULARLY TRUE WHEN YOU ENTER THE WORLD OF FINANCIAL MANAGEMENT EDUCATION. YOU AS EDUCATORS LONG FOR STUDENTS WHO WILL KEEP THAT STRING TAUT AS THEY DRINK FROM YOUR WELL OF INFORMATION THAT ENABLES THEM TO MAINTAIN ECONOMIC AND SOCIAL VIABILITY.

THE TIME IS RIPE AND THE TOOLS ARE THERE. FARMERS ARE TUGGING AT YOUR STRING, WANTING TO DRINK YOUR WATER WANTING YOUR HELP. THEY KNOW TIMES ARE "A CHANGIN." THEY KNOW THE TIME IS PAST WHEN PRODUCTION SUCCESS MEANT ECONOMIC SUCCESS. THEY HAVE WATCHED AS THEIR NEIGHBORS, GOOD FRIENDS THAT GREW GOOD CROPS AND MARKETING HANDSOME LIVESTOCK, WERE SOLD OUT BY THE LOCAL AUCTIONEER OR BY COURT ORDER ON THE STEPS OF THE COURT HOUSE. THEY KNOW THEIR FUTURE IS DEPENDENT UPON THEIR ABILITIES TO UNDERSTAND AND MANAGE FINANCES. THEY ALSO KNOW, AND YOU MAY NOT APPRECIATE THIS NEXT STATEMENT, THEY ALSO KNOW THAT AGRIBUSINESS, FOR THE MOST PART, CAN TELL THEM WHAT THEY NEED TO KNOW ABOUT FEED, SEED, AND FERTILIZER. THEY ARE LOOKING TO YOU--ASKING YOU TO PROVIDE THEM WITH THE SKILLS NECESSARY FOR FINANCIAL SURVIVAL; SOMETHING AGRIBUSINESS CAN'T DO; SOMETHING YOU ARE UNIQUELY QUALIFIED, CHARTERED, AND EXPECTED TO DO. YOUR STRING IS TAUT. YOUR OPPORTUNITY IS NOW. I BELIEVE YOUR ADOPTION AND USE OF THE COORDINATED FINANCIAL STATEMENTS FOR AGRICULTURE CAN HELP YOU MEET YOUR OBLIGATION.

IT IS ON THIS PREMISE, THIS FOUNDATION, THIS REALIZATION BY AGENTS AND FARMERS THAT WE HAVE BUILT OUR FARM FINANCIAL MANAGEMENT EDUCATION PROGRAM IN OHIO. THERE WERE, IN RETROSPECT, THREE CRITICAL CONCERNS RECOGNIZED BY OUR FARMERS, AGENTS, AND FACULTY, THAT LED TO OUR DECISION TO ADOPT AND USE FREY'S STATEMENTS. KEEP IN MIND THAT OUR DECISION WAS MADE LONG BEFORE THE CURRENT DEGREE OF ECONOMIC STRESS AND INTEREST IN THESE STATEMENTS DEVELOPED--1980. I WILL BRIEFLY STATE EACH OF OUR CONCERNS AND THEN DEVELOP EACH WITH THE DETAILS OF OUR CONSIDERATION. FIRST, WE WERE CONCERNED ABOUT THE CONTINUITY OF OUR FINANCIAL MANAGEMENT EDUCATION PROGRAM. SECOND, WE WERE CONCERNED ABOUT AN ECONOMIC BUBBLE THAT WE FELT WOULD LIKELY BURST, LEAVING MANY FARMERS AND LENDERS IN A STRESSFUL ECONOMIC SITUATION REQUIRING INTENSIVE TRAINING AND COUNSELLING. THIRDLY, WE WERE CONCERNED ABOUT TEACHING PRINCIPLES AND UNDERSTANDING NOT SERVICE AND RAPID-FIRE CALCULATIONS.

OUR CONCERN ABOUT CONTINUITY AROSE FROM THE REALIZATION THAT WE AS FACULTY (CLASSROOM AND EXTENSION) WERE TEACHING STUDENTS AND FARMERS USING DIFFERENT FORMS THAT RESULTED IN A DIFFERENT CONCEPTUAL UNDERSTANDING. STUDENTS GRADUATING AND ENTERING FARMING OR THE LENDING BUSINESS WERE HAVING DIFFICULTY COMMUNICATING WITH PARENTS AND BORROWERS. IN ADDITION, WE WERE WELL AWARE OF THE DIFFICULTY FARMERS WERE EXPERIENCING IN DEALING WITH DIFFERENT LENDERS. EACH LENDER HAD THEIR UNIQUE SET OF REQUIRED FORMS. WE WERE LOOKING FOR A TOOL (I.E., SET OF FINANCIAL STATEMENTS) THAT COULD BE USED TO:

- (1) INTRODUCE CONCEPTS TO UNDERGRADUATE STUDENTS
- (2) INCREASE LEVEL OF UNDERSTANDING OF UPPER CLASS STUDENTS
- (3) IN OUR GRADUATE TEACHING AND RESEARCH PROGRAM
- (4) EFFECTIVELY IN EXTENSION EDUCATION PROGRAMS
- (5) AND UNDERSTOOD BY FARMERS
- (6) AND ACCEPTED BY LENDING INSTITUTIONS.

WE HAD A BIG ORDER TO FILL. WE WERE LOOKING FOR SOMETHING WE THOUGHT DIDN'T EXIST; A "GENERIC," IF YOU WILL, SET OF FORMS THAT COULD BE USED TO TEACH PRINCIPLES, COULD BE USED BY FARMERS, AND WOULD BE ACCEPTABLE TO ALL LENDERS. EDUCATORS, STUDENTS, FARMERS, AND LENDERS WERE CONFUSED AND FRUSTRATED. OUR GOAL WAS AND IS TO GET EVERYONE IN THE SAME SHIP.

OUR SECOND CONCERN AROSE FROM OUR PERCEPTION THAT THE SECOND "GOLDEN AGE OF AGRICULTURE," THE LATE '70s, COULD NOT CONTINUE. EXPORTS WERE EXPANDING RAPIDLY, CROP AND LIVESTOCK PRICES RACHETED UP, INTEREST RATES WERE LOW, NET CASH REACHED HIGH LEVELS, FARMERS WANTED MORE LAND, LAND PRICES SKYROCKETED, LENDERS COMPETED AGGRESSIVELY FOR BUSINESS, AND FARMERS TOOK ON UNCHARACTERISTICALLY HIGH DEBT LOADS. OUR AGENTS AND ADVISORY GROUPS AGREED WITH OUR ASSESSMENT AND ENCOURAGED US TO INITIATE AND FORMULATE AN EXTENSION EDUCATION PROGRAM IN ANTICIPATION OF AN IMPENDING ECONOMIC DISASTER (I.E., HIGH DEBT LOADS, HIGH INTEREST RATES, LOWER ASSET VALUES, AND REDUCED CASH RECEIPTS). WE KNEW AND ACCEPTED OUR TASK BUT FIRST WE NEEDED A SATISFACTORY SET OF FINANCIAL STATEMENTS AND EDUCATIONAL MATERIALS.

OUR THIRD CONCERN REVOLVES AROUND THE ISSUE OF TEACHING INDIVIDUALS TO UNDERSTAND AND USE FINANCIAL MANAGEMENT PRINCIPLES RATHER THAN SIMPLY HELPING THEM FILL OUT FORMS REQUIRED BY THEIR LENDERS. WE WANTED TO CONSTRUCT A FOUNDATION AND IMPART A PROCESS FOR GENERATING, EVALUATING, AND UTILIZING PAST, CURRENT, AND FUTURE ECONOMIC INFORMATION. IN SHORT, WE CHOSE TO TEACH THE BOY HOW TO FISH IN PREFERENCE TO GIVING HIM A FISH. OUR REAL STRUGGLE HERE CAME AS WE ADDRESSED THE CONCERN OF NEW TECHNOLOGY. SHOULD WE USE A COMPUTER-BASED OR HAND CALCULATED SYSTEM OF STATEMENTS. WE CHOSE THE LATTER WITH THE POTENTIAL OF MOVING TO A MICRO-COMPUTER AFTER AN UNDERSTANDING OF THE PRINCIPLES WAS ATTAINED.

AFTER LOOKING AT MANY SYSTEMS FOR COLLECTING AND EVALUATING FINANCIAL MANAGEMENT INFORMATION, WE UNANIMOUSLY SELECTED THE COORDINATED FINANCIAL STATEMENTS FOR AGRICULTURE. THE SYSTEM WAS WELL DEVELOPED, CONCEPTUALLY STRONG, GENERIC IN NATURE, SUPPORTED WITH EXCELLENT EDUCATIONAL MATERIALS, COULD BE USED EFFECTIVELY AT ALL LEVELS OF OUR EDUCATIONAL PROGRAMS, FARMERS COULD UNDERSTAND AND USE IT, LENDERS WOULD ACCEPT IT, AND IT PERMITTED US TO BUILD THE FOUNDATION AND TEACH THE PROCESS. WE HAD SELECTED OUR MODEL, SO TO SPEAK.

(TELL MODEL STORY)

WITH OUR MODEL DECISION MADE, OUR MORE DIFFICULT TASK LAY AHEAD. WE NEEDED TO DEVELOP AN EDUCATIONAL PROGRAM THAT:

- (1) AGENTS WOULD ACCEPT, USE, AND PARTICIPATE IN
- (2) WOULD ATTRACT FARMERS AND LENDERS
- (3) WOULD RESULT IN CHANGED ATTITUDES, KNOWLEDGE, AND PERFORMANCE.



AFTER MUCH DELIBERATION, WE DEvised A THREE-STAGE EDUCATIONAL PROGRAM TO DO THIS. THE FIRST STAGE WAS TO FOREWARN AGENTS, LENDERS, AND FARMERS ABOUT THE IMPENDING DISASTER, ITS LIKELY CAUSES, AND IMPACTS. THIS WAS MOST DIFFICULT WITH FARMER AUDIENCES. I RECALL IN ONE MEETING WHEN A RED-FACED MIDDLE-AGED FARMER JUST COULD NOT RESTRAIN HIMSELF ANY LONGER. I WAS EX-POUNDING ON THE THOUGHT THAT FARMERS WERE PAYING TOO MUCH FOR LAND AND LEVERAGING THEMSELVES TOO FAR WHEN HE LITERALLY JUMPED TO HIS FEET AND SAID IN ALL SERIOUSNESS IN AN AGGRAVATED TONE, "IF WE WERE TO TAKE YOUR ADVICE, ALL OF US HERE WOULD BE JUST LIKE YOU COLLEGE PROFESSORS--POOR AS CHURCH MICE AND NOT A POT TO PISS IN." I'M SURE HE REPRESENTED THE SENTIMENT OF THE AUDIENCE.

(TELL BOOTS-GLASSES-OVERHEAD STORY)

LENDERS WERE A LITTLE MORE RECEPTIVE BUT THEY WERE TOO BUSY MAKING LOANS TO HEAR MUCH OF WHAT WE SAID. YOU ALL KNOW THE STORY OF "CHICKEN LITTLE AND THE SKY FALLING IN." FARMERS AND LENDERS WERE TOO FEVERISHLY AT WORK BIDDING UP AND FINANCING EQUIPMENT AND LAND PURCHASES TO HEAR THE WARNING. AGENTS, ON THE OTHER HAND, WERE QUITE RECEPTIVE AND KNEW WE WERE PREPARING TO MEET THE STORM. WITHOUT THEIR ACCEPTANCE WE COULD NOT HAVE PROCEEDED.

STAGE II, PREPARATION OF AGENTS WITH INSTRUCTION AND EDUCATIONAL MATERIALS, WAS MOST AGONIZING. WE, COLLEGE FACULTY AND DISTRICT SPECIALISTS, WERE DEDICATED TO HAVING OUR COUNTY AGENTS DIRECTLY INVOLVED IN TEACHING THE FOUNDATION AND PROCESS TO

FARMERS AND LENDERS, USING THE CFS MATERIALS. WE KNEW THE AGENT PREPARATION STAGE WOULD BE PAINFUL AND WERE PREPARED TO TAKE THE HEAT. THE PAIN AROSE BECAUSE AGENTS RESISTED THE IDEA OF THEIR TAKING ON A MAJOR TEACHING ROLE. BECAUSE THEY WEREN'T, IN THEIR MIND, GOING TO DO THE TEACHING, THEY DIDN'T NEED TO KNOW ALL THE DETAILS OF THE SYSTEM. THE SYSTEM AND DETAIL WERE FORCED UPON THEM IN TWO DIFFERENT INTENSIVE IN-SERVICE TRAINING SESSIONS. OUR GOAL WAS TO FAMILIARIZE AGENTS WITH THE MATERIAL SO THEY COULD COMFORTABLY ASSIST WITH THE TEACHING. THIS WAS DONE FIRST IN THE FALL OF 1981 JUST AS THE SKY BEGAN TO FALL IN AND CONTINUED DURING '82 AS THE SEVERITY OF THE SITUATION WAS BEING REALIZED.

(TELL DOLLY PARTON STORY)

STAGE III, INSTRUCTION AT THE FARM LEVEL, BEGAN IN EARNEST DURING THE FALL OF '82. AGENTS WERE YET RELUCTANT TO ACCEPT MUCH OF A TEACHING ROLE. MEETINGS WERE WELL ATTENDED BUT MYSELF AND OTHER MANAGEMENT SPECIALISTS DID MOST OF THE TEACHING. TRAINING OF AGENTS CONTINUED IN '83 AND I FINALLY FOUND A SITUATION I COULD CAPITALIZE UPON. FARMERS AND LENDERS WERE NOT ONLY KEEPING THAT PROVERBIAL STRING TAUT THEY WERE PULLING THE NOOSE TIGHT AROUND THEIR AGENT'S NECK. AGENTS WERE RECEIVING A CLEAR MESSAGE-- "WE WANT TO DRINK AT YOUR WELL. YOU HAVE WHAT WE NEED. WE NEED YOUR HELP." I TOOK A CALCULATED RISK. AGENTS WERE CALLING TO SCHEDULE FINANCIAL MEETINGS. MY RESPONSE WAS, "HERE'S THE PROGRAM. YOU ARE GOING TO TEACH. NO TEACHING--NO PROGRAM. THEIR FIRST RESPONSE WAS, "WE CAN'T DO IT, THEREFORE, NO PROGRAM." THEY SOON FELT THE STRING GETTING TIGHTER. THEY RECONSIDERED AND, NEEDLESS TO SAY, HAD A VERY SUCCESSFUL AND REWARDING EXPERIENCE. ONE AGENT USED THESE WORDS TO EXPRESS HIS SATISFACTION, "I'VE BEEN AN AGENT FOR TWENTY-FIVE

YEARS AND THIS IS THE MOST SUCCESSFUL EDUCATION PROGRAM I'VE HAD." HE WAS RESPONDING TO A FINANCIAL MANAGEMENT SCHOOL WITH 60 PEOPLE THAT CAME BACK, 100%, FOR FOUR DAYS, SEVEN HOURS EACH, OF VERY INTENSIVE EDUCATION AND TRAINING. FARMERS RESPONDED WITH COMMENTS LIKE, "WHY WEREN'T YOU PROVIDING THIS EDUCATION BEFORE? THIS IS THE MOST INFORMATIVE AND USEFUL MEETING I'VE BEEN TO FOR SOME TIME." WE CONTINUE IN STAGE III WITH AGENTS REQUESTING TO BE PART OF THE TEACHING TEAM. WE ARE EXPERIMENTING THIS SUMMER WITH A SIMILAR FOUR-DAY SCHOOL FOR ONLY CPA'S AND LENDERS. FARMERS ARE USING THE SYSTEM; THEY ARE REQUESTING ASSISTANCE IN UNDERSTANDING AND USING THE SYSTEM.

NOW, FOR A QUICK ASSESSMENT OF CFS. WE ARE VERY PLEASED WITH OUR DECISION TO ADOPT AND USE CFS IN OUR EDUCATIONAL PROGRAM. THERE ARE SOME THAT THINK WE HAVE MADE THE WRONG DECISION, HOWEVER. THE NEGATIVE JUDGEMENT DOES NOT COME FROM OHIO THOUGH. IT COMES FROM A GROUP WITH A VESTED INTEREST IN ANOTHER SYSTEM AND THEIR MAJOR CONCERNS RESTS ON TWO ISSUES: (1) CFS IS NOT A TOTALLY INTEGRATED COMPUTER-BASED SYSTEM AND (2) CFS DOES NOT DO AN ADEQUATE JOB OF CONSIDERING FUTURE ALTERNATIVES. THESE CONCERNS ARE WELL TAKEN AND WE WRESTLED WITH EACH POINT AND CONCLUDED THAT FOR WHAT WE WANTED TO ACCOMPLISH, CFS AND ITS SUPPORTING MATERIALS WAS THE BETTER ALTERNATIVE. IN FACT, ONE OF THE ATTRIBUTES OF CFS THAT APPEALED TO US WAS THAT IT WAS NOT COMPUTER DEPENDENT. I HAVE SPENT THE LAST TEN YEARS OF MY PROFESSIONAL LIFE IMMERSSED IN COMPUTERIZED DECISION-AIDS FOR THE FARM. ALL TOO OFTEN I FEAR WE END UP TEACHING HOW TO USE THE COMPUTER AND NOT TEACHING THE PRINCIPLES. THE COMPUTER DOES HAVE ITS PLACE

AND VALUE. IN MY ESTIMATION THAT COMES AFTER THE FOUNDATION AND PROCESS ARE IN PLACE NOT BEFORE. CFS LENDS ITSELF TO THIS PHILOSOPHY IN THAT THE HAND SYSTEM CAN BE FOLLOWED WITH A MICRO-VERSION.

IN MY ESTIMATION, THE COMPLETE CFS SYSTEM--BALANCE SHEET, INCOME STATEMENT, CASH FLOW, RECONCILIATION STATEMENT, AND PRO-FORMA STATEMENTS--PROVIDE A COMMON LANGUAGE, FORMAT, AND UNDERSTANDING FOR STUDENTS, EDUCATORS, FARMERS, AND LENDERS. THIS WAS AND REMAINS CRITICAL IN OUR CONTINUING EDUCATION PROGRAM. WITH THESE FORMS WE ARE ABLE TO CONSTRUCT THE ECONOMIC FOUNDATION WE WANT AND CAN IMPACT A DECISION PROCEDURE THAT, IF FOLLOWED, CAN HELP ASSURE FINANCIAL STABILITY BY IDENTIFYING FINANCIAL WEAKNESSES, STRENGTHS, AND OPPORTUNITIES. THE CFS SYSTEM IS NOT CURATIVE, NOR IS ANY OTHER, BUT IT IS DIAGNOSTIC AND PRESCRIPTIVE IF USED PROPERLY. JUST WHAT THE DOCTOR ORDERED--AT LEAST AS VIEWED BY THIS FINANCIAL DOCTOR THAT ALSO WANTS TO EDUCATE.

THIS IS NOT TO SAY THAT CFS DOES NOT HAVE PROBLEMS AND THAT YOU AS A TEACHER AND FARMERS AND/OR LENDERS WON'T EXPERIENCE DIFFICULTY WHEN USING THE FORMS AND EDUCATIONAL MATERIALS. MOST OF THE PROBLEMS WE EXPERIENCED ARE NOT UNIQUE TO CFS. SOME SUCH EXAMPLES WOULD BE--ESTABLISHING VALUES, TREATMENT OF LEASES, CLASSIFICATION OF ASSETS AND LIABILITIES, AND DETERMINING INTEREST DUE. OTHER PROBLEMS, UNIQUE TO CFS, BUT WHICH ALSO ADD TO ITS STRENGTH, ARE THE DOUBLE COLUMN BALANCE SHEET AND CONTINGENT TAX LIABILITIES. THE DIFFICULTY OF THESE AND OTHER PROBLEMS PALE IN LIGHT OF THE BENEFITS AND STRENGTHS THAT ACCRUE TO ALL THAT PARTICIPATE.

THE STRENGTHS OF THE SYSTEM, I BELIEVE, QUITE OBVIOUSLY OUTWEIGH ITS PROBLEMS. I WILL LIST A FEW:

- (1) NOT COMPUTER DEPENDENT
- (2) NOT RECORD SYSTEM DEPENDENT
- (3) UNDERSTOOD BY "NON-AG" LOAN OFFICERS
- (4) DOUBLE COLUMN BALANCE SHEET
- (5) INTEGRATED SYSTEM
  - A. FORMS
  - B. TIME
- (6) CONFORMS TO ACCOUNTING STANDARDS
- (7) GOOD EDUCATION SUPPORT
- (8) WIDELY ADOPTED
- (9) GOOD SUPPORTING SCHEDULES

A FEW CAUTIONS, IF YOU WILL, IF YOU DECIDE TO USE CFS:

- (1) BE SURE TO INVEST ADEQUATE TIME IN UNDERSTANDING THE SYSTEM, THE FORMS, THE DETAIL, THE INTEGRATIVE DESIGN, AND THE INTERPRETATION OF THE INFORMATION;
- (2) RECOGNIZE, UP FRONT, THAT CFS IS NOT A SUBSTITUTE FOR GOOD INVENTORIES, PRODUCTION RECORDS, FIELD RECORDS, LABOR RECORDS, CASH RECORDS, ETC. IT IS A MEANS OF PULLING ALL THIS INFORMATION TOGETHER FOR ANALYSIS AND INTERPRETATION IN A FINANCIAL FRAMEWORK;
- (3) DON'T MAKE THE MISTAKE OF TRYING TO TEACH IT ON A ONE-ON-ONE BASIS; DO IT IN A GROUP SETTING;
- (4) DON'T TRY TO "MAKE HAY" WITH THE SYSTEM WITHOUT A WELL-DESIGNED EDUCATIONAL PROGRAM THAT IS SUPPORTED BY ALL THE ACTORS--YOURSELF, FARMERS, AND LENDERS; AND
- (5) DON'T UNDERESTIMATE THE TIME REQUIRED TO DO A GOOD JOB.

I'LL SUMMARIZE MY THOUGHTS FOR YOU. YOU AS EDUCATORS HAVE A RESPONSIBILITY TO EDUCATE FARMERS AND THROUGH THAT EDUCATION ASSIST THEM IN CREATING FINANCIALLY VIABLE FARM BUSINESSES. FINANCIAL MANAGEMENT EDUCATION IS MOST DIFFICULT, AS FARMERS, BY NATURE, ARE CONSUMED BY THE PRESSURES OF DAILY OPERATION. IT'S NOT OFTEN THAT WE, AS EXTENSION EDUCATORS, HAVE THE OPPORTUNITY TO EXPERIENCE DEMAND-ORIENTED EDUCATION. FOR THE MOST PART, WE ARE SUPPLY-SIDE ORIENTED. WE USUALLY END UP PUSHING ON STRINGS. THIS IS NOT THE CASE NOW. WE, AS FINANCIAL MANAGEMENT EDUCATORS, HAVE A RARE OPPORTUNITY. THE HORSES ARE PULLING US TO THE TROUGH AND WANT TO DRINK. LET'S NOT MISS THE SHIP. WE, IN OHIO, HAVE DECIDED TO MEET THAT DEMAND WITH AN EDUCATIONAL PROGRAM THAT USES THE COORDINATED FINANCIAL STATEMENTS FOR AGRICULTURE. WE WERE A LONG TIME IN PREPARATION. THE REAL PAYOFF ONLY CAME AFTER TWO YEARS OF REPEATED INTENSIVE TRAINING FOR AGENTS. IN-DEPTH INSTRUCTOR TRAINING AND DEVELOPING AN EDUCATIONAL PROGRAM THAT WILL "KEEP-EM COMIN' BACK" ARE A MUST. CFS HAS SOME PROBLEMS. HOWEVER, IN CONJUNCTION WITH ITS SUPPORTING MATERIALS, IT'S THE BEST WE COULD FIND, GIVEN OUR OBJECTIVES.

I BELIEVE YOU RECOGNIZE YOUR RESPONSIBILITY AND THE OPPORTUNITY BEFORE YOU. YOU WILL, WHETHER YOU SELECT CFS OR NOT, FULFILL YOUR OBLIGATION TO TEACH FARMERS AND ASSIST THEM THROUGH THIS DANGEROUSLY PRECARIOUS ECONOMIC PERIOD WITH YOUR FINANCIAL KNOWLEDGE AND SKILLS. I, LIKE YOU, AM AN OPTOMIST.

(TELL OPTIMIST STORY)

THANK YOU.

